



# **Report to the Economic Outlook and Revenue Assessment Committee**

**January 8, 2009**

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Blue Cross of Idaho**



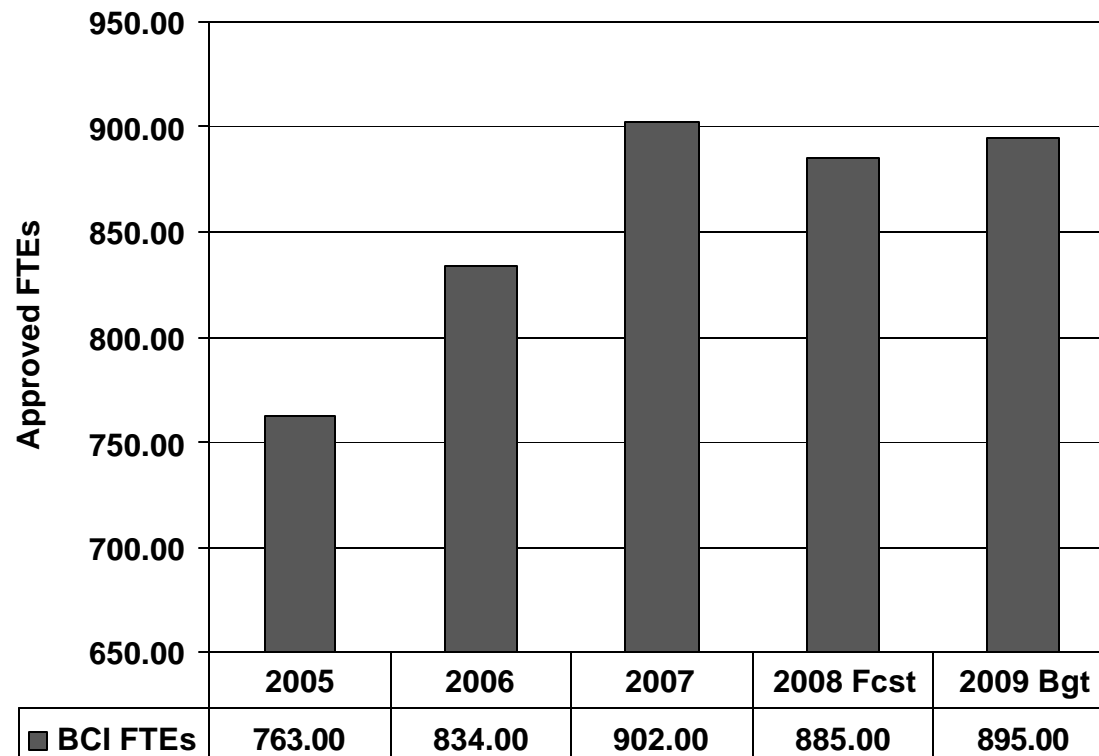
## **Current State of Idaho Medical Insurance Sector**

- Financial stability will remain strong in terms of capital adequacy.
- No impact on member premiums due to securities market turmoil.
- Blue Cross targets an average 2% long-term underwriting gain and will achieve approximately 2.2% for 2008 and 1.2% for 2009.
- Large companies will continue to reduce staff. Small companies and individual insureds will continue to drop coverage.

## **Current State of Idaho Medical Insurance Sector**

- For each 1,000 member loss, insurance companies need to reduce operating costs by \$300,000.
- Blue Cross expects downward pressure on membership throughout 2009. However, our business plan assumes an increase of 11,000 or nearly 3% for medical membership.

# Staff Profile – Full Time Equivalents (FTEs)



## Medical Insurance Sector As Percent of Idaho State Economy

Total Idaho Employment 2006 <sup>(1)</sup>	915,374
Estimated Health Plan	1,500
Broker Agencies	<u>5,200</u>
Total Industry Employment	6,700
Percent of Labor Force	0.7%
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Total Idaho Sales of Products & Services <sup>(2)</sup>	\$51.1 Billion
Premium Equivalent – Total Population	\$4.4 Billion
Percent of Monetary Economy	8.6%

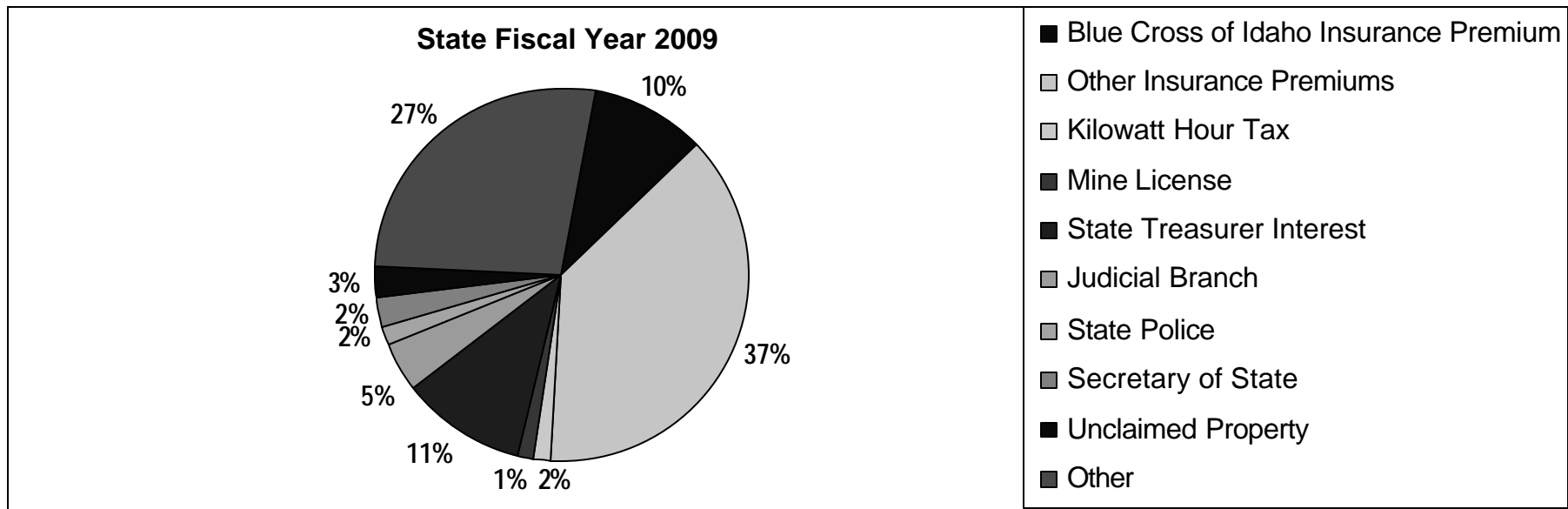
Source: <sup>(1)</sup> U.S. Dept. of Commerce and Blue Cross Estimate

<sup>(2)</sup> 2007 Idaho Dept. of Commerce. Premiums written assumes BCI insures 28.5% of total population.

# Idaho Miscellaneous Revenue by Category

**TOTAL MISCELLANEOUS REVENUE: \$117.7 MILLION**

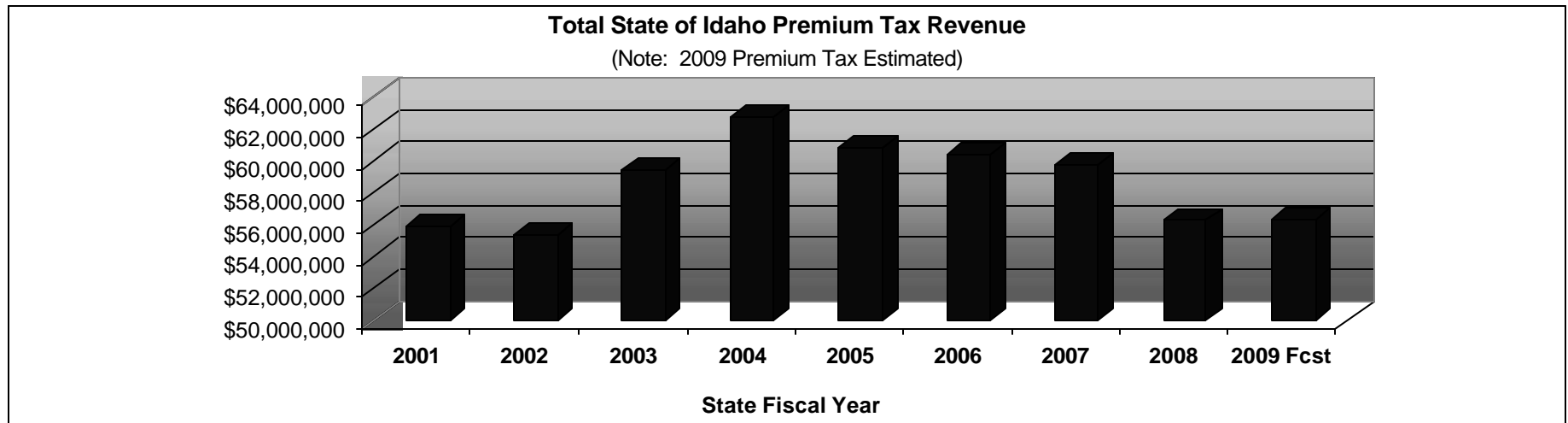
**TOTAL INSURANCE PREMIUM REVENUE: \$56.4 MILLION**



**Estimates for State Fiscal Year 2009**

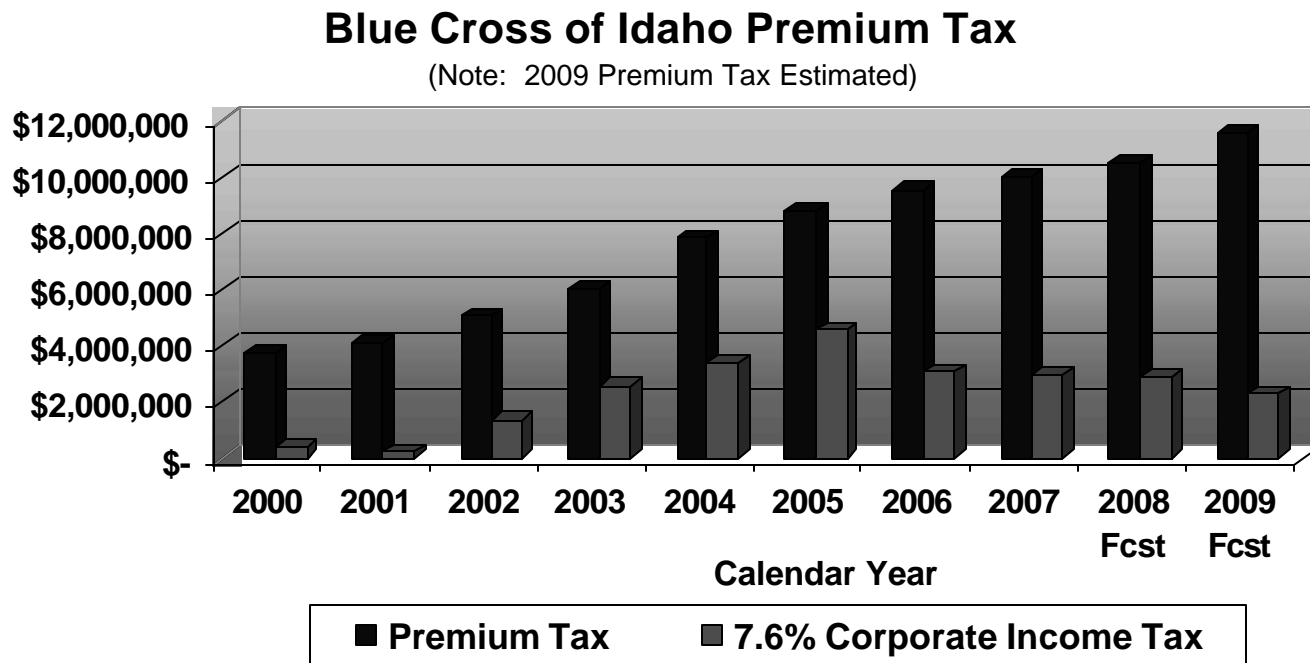
**Source: Joint Senate Finance-House Appropriations Committee  
2008 Legislative Fiscal Report - General Fund Revenue Collections Estimates**

# Total State of Idaho Premium Tax Revenue



**Source: Joint Legislative Economic Outlook and Revenue Assessment Committee  
General Fund Revenue Collections Estimates**

# Blue Cross of Idaho Premium Tax Payments





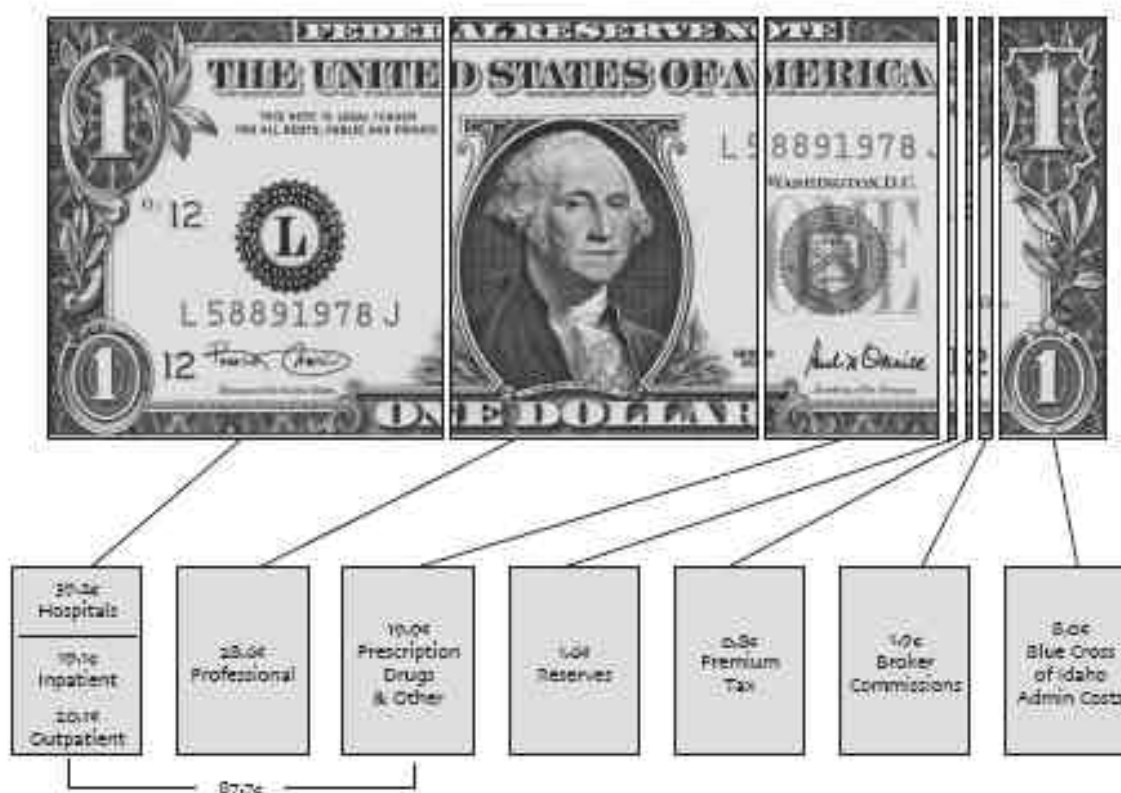
## What are Estimated 2008 Costs of Insurance to the Employee and Employer

	Employer	Employee
Average Premium / Cost	\$246	\$313
Employer Share – 80% Employee Share – 20%	\$197	\$ 49
Deductibles; Co-insurance; Co-pays Total Employee Health Cost / Month		<u>\$ 67</u> <u>\$116</u> 37%

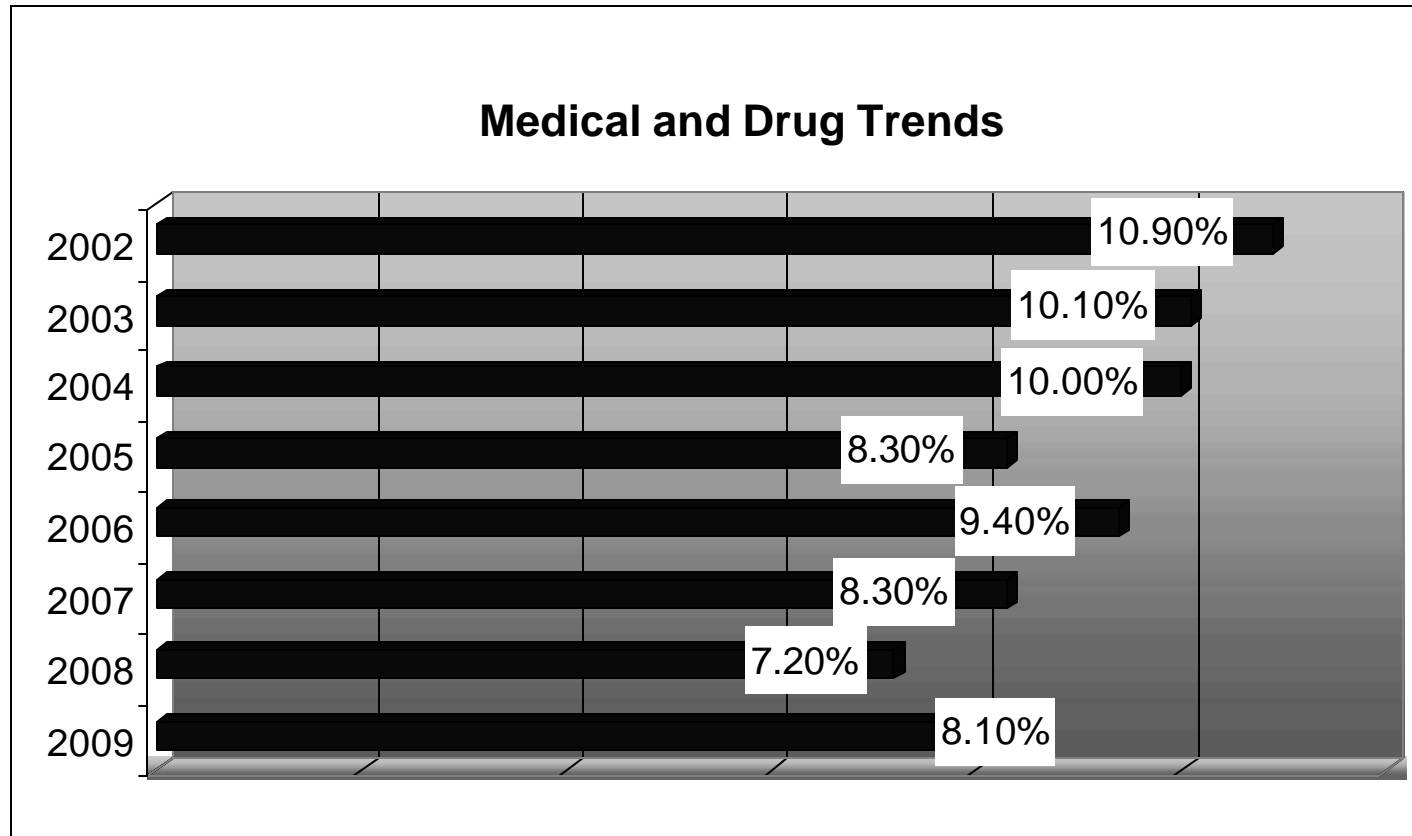
\*The value of deductibles paid by employees has increased from \$767 to \$854 during 12 months ended 9/2008 or 11%.

# Health Insurance Premium Dollar Distribution

Time Period: January 1, 2007 to December 31, 2007

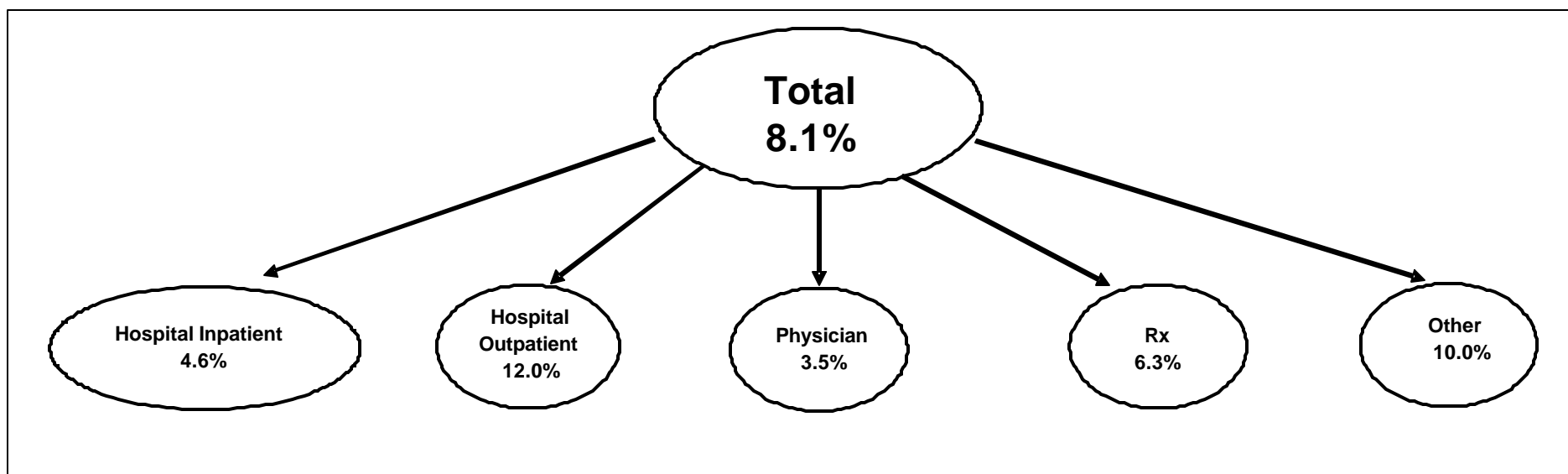


# Medical & Drug Trends



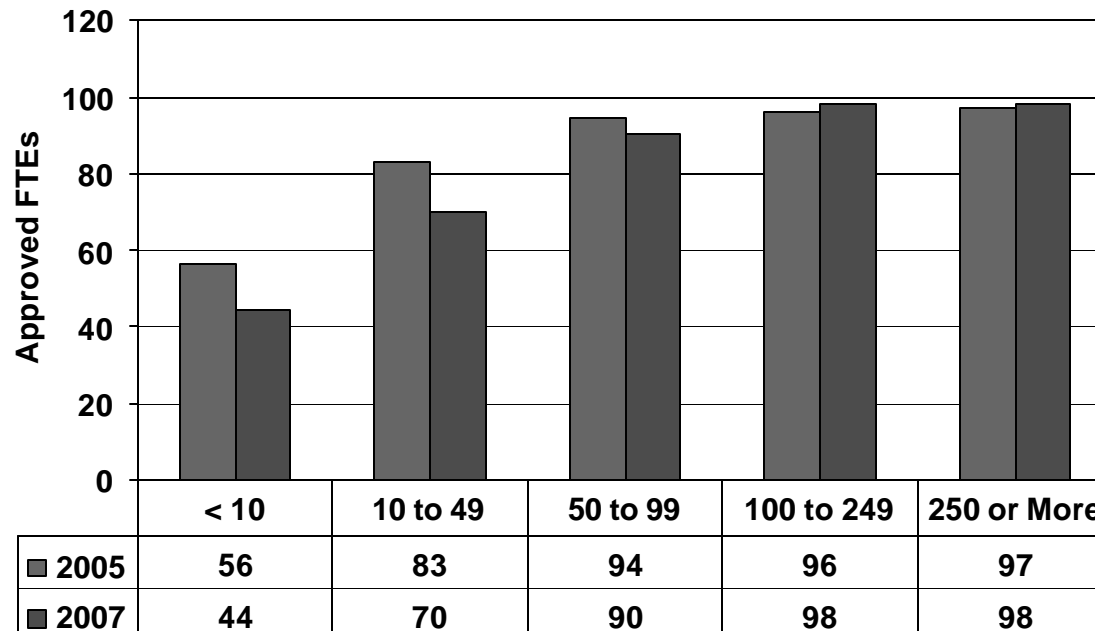
Annual values reflect 12-month period ending June 30

# Healthcare Trend Drivers



# How Many Idaho Employers Offer Health Insurance?

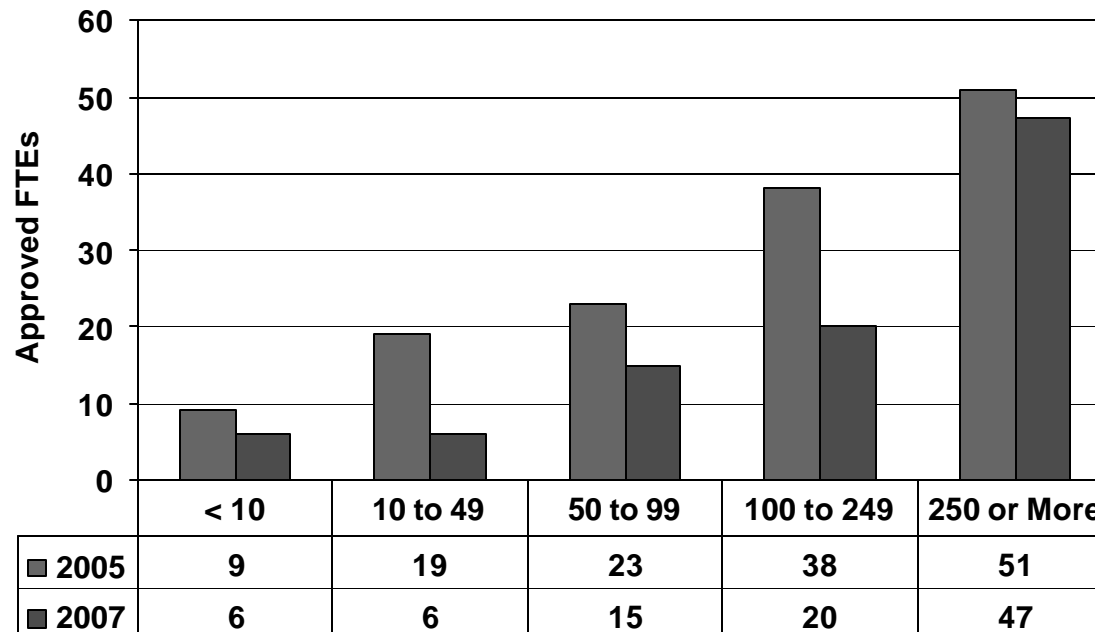
## Full Time Employees



Source: Idaho Department of Labor – Idaho Fringe Benefits Survey – 2005 and 2007

# How Many Idaho Employers Offer Health Insurance?

## Part Time Employees



Source: Idaho Department of Labor – Idaho Fringe Benefits Survey – 2005 and 2007

## Where States Rank on Percentage of Uninsured

### Top States

- 1 Massachusetts
- 2 Hawaii
- 3 Minnesota
- 4 Wisconsin
- 5 Iowa

### Bottom States

- 50 Texas
- 49 New Mexico
- 48 Florida
- 47 Arizona
- 46 Louisiana
- 45 Mississippi
- 44 California
- 43 Oklahoma
- 42 Nevada
- 41 Georgia
- 40 Arkansas
- 39 Alaska
- 38 Oregon
- 37 Colorado
- 36 North Carolina
- 35 South Carolina
- 34 Montana
- 33 Utah
- 32 New Jersey
- 31 West Virginia
- 30 Idaho

**IDAHO – 14.7%**

**U.S. – 15.4%**

**Idaho Ranked:**

**#34 in 2005**

**#31 in 2006**

**#30 in 2007**

## Potential Changes for Health Plans

- CMS reductions in payments to Medicare Advantage Plans.
- Health Care Reform.



## **CONTACT INFORMATION**

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